

VZCZCXYZ0012
PP RUEHWEB

DE RUEHNR #4178/01 2961057
ZNR UUUUU ZZH
P 231057Z OCT 07
FM AMEMBASSY NAIROBI
TO SECSTATE WASHDC PRIORITY 3063

UNCLAS NAIROBI 004178

SIPDIS

SENSITIVE

DEPT FOR AF/E, AF/RSA, AF/EPS, AND DRL

SIPDIS

E.O. 12958: N/A

TAGS: [ECON](#) [EAID](#) [PHUM](#) [PGOV](#) [KCRM](#) [EFIN](#) [KTFN](#) [KCOR](#) [KE](#)

SUBJECT: Kenya: NGO Board Offers Prize to Encourage Best Practices

SENSITIVE-BUT-UNCLASSIFIED

¶1. (SBU) Summary: On October 17, Kenya's NGO Coordination Board (NGO Board) and the NGO Resource Alliance of the UK launched their new "NGO of the Year" awards to be presented in July 2008 to NGOs that demonstrate competence and integrity with their service recipients and their donors. Separately, the USG is providing \$335,000 of computer equipment, software and training to enable the Board to guard NGOs from being used for terrorist finance, and to reveal corruption and fraud. Several speakers claimed the awards would improve the tarnished image of non-profit organizations in Kenya. The award scheme is part of the Board's campaign to become more professional and capable of regulating the \$1.2 billion/year NGO sector, as well as building confidence among civil society that the Board will not abuse its powers as it did under the Moi administration. End Summary.

A Little History First

¶2. (SBU) Kenya's international NGO sector expanded enormously during the Moi administration, when donor governments tried to avoid the GOK's corruption and poor governance by channeling their assistance through NGOs offering the services the GOK could not or would not. Flush with resources, international NGOs became preferred employers, offering big off-road vehicles, well-equipped offices and good salaries. GOK officials were naturally jealous of the competition, and used the parastatal NGO Board to harass NGOs. After its victory in the 2002 election, the NARC rainbow coalition appointed so many NGO personnel to official positions the NGO sector was seriously weakened.

Briefcase NGOs Tarnish Local NGO Image

¶3. (SBU) The NGO Board is the Kenyan Government (GOK) institution responsible for registering and regulating NGOs, which handle Ksh 80 billion (\$1.2 billion) annually. While most international NGOs have a stellar reputation, Kenya has been plagued for years by "briefcase NGOs." It is widely believed these "BRINGOs" are used by their corrupt managers for personal enrichment and aggrandizement ahead of public service, defrauding their donors. Under the Moi Administration, the NGO Board lacked the institutional capacity to locate and weed out the bad actors, but its regulatory powers were used to harass NGOs in political disfavor. An NGO Council was created in 1993 to provide leadership among NGOs, improve practices, and represent NGOs' interests to the NGO Board and the Government.

NGO Council Fails to Improve Sector

¶4. (SBU) After the 2002 election, the Board's and the Council's situations switched. The NGO Council became increasingly dysfunctional due to the politicization of Council activities by the Chairperson, divergent interests among Council member NGOs, and poor management. In 2006, the NGO Council reached a crisis when Council

leaders tried (with the NGO Board's support) but failed to remove Chairwoman Ms. Orie Rego Manduli for mismanagement and failure to represent the interests of the membership. The noisy drama, in which Manduli locked herself in her office and refused to accept her removal, made the Council and local NGOs look ridiculous and incapable of self-governance. Manduli has three years left in her term, and the NGO Council has continued to wither in effectiveness.

NGO Council Capacity Building

¶5. (SBU) Under the Kibaki administration, however, the NGO Board has enjoyed more enlightened leadership, increased its professionalism, and began taking on the NGO Council's role of mobilizing and energizing NGOs. However, it lacked the capacity to effectively review and archive NGO registrations and annual reports for signs of trouble. After the 1998 Embassy bombings and the 9/11 attack, there was also concern that some NGOs might be used as channels for terrorist finance. In 2004, a joint State Department/U.S. Treasury/UK Charities Commission team recommended a major IT upgrade and training to give the Board the capacity to carry out its supervisory duties and enable it to check for signs of misuse of funds and terrorist financing. The \$335,000 IT project should be completed in 2008, but has been kept low profile to avoid exciting civil society suspicions that the Board's improved capacity could be used to harass NGOs that fall into political disfavor.

¶6. (SBU) The NGO Board has carried out surveys on NGOs in six provinces to update its information and determine which NGOs are actually operating, and will enter this census into its new database. The survey exercise excited suspicions by some NGOs, which assumed they were a partisan plot to suppress perceived opposition. However, the Board's leaders appear to have largely reassured the NGOs of the benefits for the whole sector of effective and transparent supervision that would weed out corrupt NGOs and support the good ones.

Bring on the Awards

¶7. (U) As an example of this outreach, on October 17, the NGO Board, the Resource Alliance and I&M Bank launched their new "NGO of the Year" awards. NGO Board Executive Director David Isoe noted that NGOs in Kenya had improved the lives of 10 million Kenyans, but their work is not well publicized, and their image needs improving. The purpose of the awards is to encourage best practices to improve and standardize fund raising and utilization. This would enable NGOs to source more donations locally and encourage corporate social responsibility by providing greater accountability and reporting to donors and NGO clients. Isoe said the Board had worked with stakeholders to develop the concept and procedures for the awards.

¶8. (U) A key partner in the process was the UK NGO Resource Alliance (RA), which specializes in building non-profit organizations' fund raising capacity through workshops, training and awards. RA will hold a workshop in Mombasa November 27-30. The SISA Centre described its performance index for NGOs, and how it could be used to improve fund raising by measuring and demonstrating the competence and integrity of NGOs in delivering services and helping recipients.

A Politician's View

¶9. (U) National Heritage Ministry Shakombo, within whose Ministry the Board and the Council operate, commended the NGO awards initiative. He claimed the infighting in the Council had discredited NGOs and tarnished their image, and called on NGOs to critically consider how to recapture their rightful role in society. The awards were part of a wider effort to create a favorable operating environment for NGOs. He asked, "Where does the Ksh 80 billion NGOs received annually go? Where are the signboards?"

¶10. (U) Shakombo also noted that NGOs, in this election year, play a critical role in civic and voter education. He reminded them to stay neutral, and not abuse their role by criticizing incumbent MPs. Shakombo claimed Constituency Development Funds (CDF are GOK funds distributed by local committees appointed by their MP) have spent only Ksh 2 billion, but have transformed the country and planted signs everywhere. He urged NGOs to see themselves as in competition with the (politically managed) CDF program.

Comment

¶11. (SBU) The Board and NGOs appear sincere in their goal of improving the performance of the NGO sector, but Minister Shakombo's comments revealed the typical politician's jealousy and paranoia that generate NGO suspicions of the government's real agenda. While most Kenyans are aware that abuses exist within the local NGO sector, they know they have benefited enormously from international NGOs, even without signboards. Post will continue to build the NGO Board's capacity and has confidence in its current leadership. We will, however, continue to watch closely for signs the Board is coming under pressure to harass or suppress NGOs who fall into political disfavor.

RANNEBERGER